

The complaint

Mr C complains about the settlement that Haven Insurance Company Limited offered him for his van following a claim made on his commercial motor insurance policy. He's also unhappy with delays in the claim being paid.

What happened

Mr C's van was damaged by fire, and he made a claim on his policy. The van was declared a total loss and Haven offered him £6,000 and then £7,000 excluding VAT, less the policy excess, in settlement of his claim. But Mr C thought his van was worth about £10,000 and he provided examples of similar vans advertised for higher prices. He was also unhappy that it took Haven some time to pay his settlement.

Our Investigator recommended that the complaint should be upheld in part. He thought Haven's offer for the van's pre-loss market value was fair and reasonable in keeping with our approach. But he thought Haven had delayed payment to Mr C for some weeks and this had caused Mr C inconvenience. He thought Haven should pay him £150 compensation for this.

Haven agreed to do this. But Mr C thought the settlement was too low. He thought the van's insured value was £10,000. And he raised concerns about his personal belongings and courtesy vehicle provision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can understand that Mr C wants a fair settlement for the loss of his van. Mr C said that the insured value of his van was £10,000. I can see that this is stated on the policy documents. But this doesn't mean that Haven should pay him this amount in the case of total loss. This is because his policy provides for the van's market value in the case of its total loss.

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable.

In assessing whether a reasonable offer has been made, we obtain valuations from motor-trade guides. These are used for valuing second hand vehicles. We find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. The guides also take into account regional variations. We also take all other available evidence into account, for example, engineer's reports.

Mr C provided examples of vans offered for sale online at higher prices. But we don't find advertisements particularly persuasive as these are essentially asking prices and aren't selling prices. It's for this reason that the trade guides are used as they provide evidence of likely retail selling prices.

Our Investigator thought Haven's valuation of the van was fair and reasonable. So I've checked how he came to this conclusion. I can see that he looked for vans of the same make, model, age, mileage and condition at the date of loss. He took an average of the two highest valuations he found. This was £7,291.50. This was in the range of Haven's offer. So

I agree that its offer of £7,000 is fair and reasonable as it's in keeping with our approach. And I don't require Haven to increase this.

Mr C said he had to send in his vehicle documents several times. And I can see that there was a delay of some weeks after Haven's final offer before it paid his settlement. I think this caused Mr C inconvenience as he was without a suitable vehicle during this time. And I agree that Haven should pay him £150 compensation for this. I think that's in keeping with our published guidance for the level of impact its errors had.

Mr C raised further concerns about courtesy car provision and his personal belongings. But, as our Investigator explained, he will have to raise these concerns with Haven first to give it a chance to respond. If he remains unhappy, Mr C can bring his complaint to our service.

Putting things right

I require Haven Insurance Company Limited to pay Mr C £150 compensation for the distress and inconvenience caused by its level of service, as it's already agreed to do.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require Haven Insurance Company Limited to carry out the redress set out above, as it's already agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 April 2023.

Phillip Berechree
Ombudsman